



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION 6

1445 ROSS AVENUE, SUITE 1200

DALLAS, TEXAS 75202 - 2733

May 17, 2016

Mr. Lawrence Bengal, Director
Arkansas Oil and Gas Commission
301 Natural Resources Drive
Suite 102
Little Rock, Arkansas 72205

Dear Mr. Bengal:

Enclosed is the fiscal year 2015 (FY2015) end-of-year evaluation report for the Underground Injection Control (UIC) Program of the Arkansas Oil and Gas Commission (AOGC). The draft report was sent to Mr. Rex Robertson and Mr. Gary Looney for review and their comments have been considered in developing the final report.

We would like to recognize AOGC's accomplishments during FY2015. AOGC has exceeded all of the FY2015 UIC commitments in field activities for its delegated Class II, and Class V injection well programs.

If you have any questions, please contact me at (214) 665-7101, or your staff may contact Mr. Omar T. Martinez at (214) 665-8485.

Sincerely yours,

A handwritten signature in black ink, appearing to read "William K. Honker", is written over a horizontal line.

for William K. Honker, P.E.
Director
Water Division

Enclosure

cc: Gary Looney, UIC Coordinator, AOGC
Rex Robertson, Environmental Program Manager, AOGC

**End-Of-Year (EOY) Evaluation Report
Arkansas Oil and Gas Commission
Underground Injection Control Program**

**State Fiscal Year (FY) 2015
October 1, 2014 - September 30, 2015**

The Arkansas Oil and Gas Commission (AOGC) maintains primacy on oil and gas related injection activities (Class II wells) and Class V bromine mining brine disposal wells in the State of Arkansas. The AOGC receives all of its funding from the State and does not receive any grant funds from EPA. Therefore, no grant-related deliverables or work plans are required, but AOGC must satisfy reporting requirements as detailed in the 1983 Memorandum of Agreement (MOA) for delegation of portions of the UIC program from EPA to the State of Arkansas. The AOGC Underground Injection Control (UIC) program was granted primacy in March of 1984. EPA Region 6 conducts an annual evaluation of this program as part of its oversight responsibility.

FY2015 ACTIVITIES

Inventory

The Underground Injection Control (UIC) Department of the AOGC currently regulates approximately 679 active Class II secondary recovery/disposal injection wells and 74 Class V bromine related brine disposal wells. The staff consists of an Environmental Program Manager (EPM), one coordinator, one field supervisor, three field inspectors and one administrative assistant, with cumulative experience of 58 years in UIC and 60 years in total service to the AOGC.

Permitting

Table 1 summarizes the permitting history of Class II and Class V wells based on EPA reporting Form 7520. A total of 57 permits were issued or modified. All permits issued this reporting period were for Class II wells except one new Class V permit was issued.

REPORTED ACTIVITIES

Table 1 below summarizes strategic activities reported for Class II and Class V wells during FY2015.

Table 1 - 2015 Field Activities

Activity	Class II	% of Total (679 wells)	Class V	% of Total (74 wells)
New permits	56	8	1	1
Well inspections	1262	186	53	72
MIT's conducted	267	39	46	62
MIT's witnessed	267	100 ¹	25	54 ²
MIT violations*	4	1.5 ¹	4	16 ³

* Figures may include multiple violations for a single well.

¹ - % of the 267 conducted

² - % of the 46 conducted

³ - % of the 25 witnessed

Mechanical Integrity Testing

AOGC employs one full time field supervisor and three full-time inspectors who witness 100 percent of all Mechanical Integrity Tests (MITs) conducted on Class II and the majority of Class V wells. Generally, a well is required to pass an MIT once every five years unless a condition exists which requires more frequent testing. The EPM keeps an annual record of which wells will require MITs and contacts the operator by letter as to when the required test should be performed.

Class II Wells

During FY2015, 56 new or modified Class II permits were issued, and 186percent (Table 1) of the currently active Class II injection wells were inspected. The Commission currently regulates 30 Class II UIC commercial disposal wells and no new commercial well applications were under review in FY2015.

All existing Class II injection wells are required to be tested at least every five (5) years. Class II commercial disposal wells are required to be tested annually. The number of Class II MIT violations represents one and a half (1.5) percent of the total number of MITs conducted on these wells. The AOGC did not levy any fines against operators for violation of the UIC program during the Federal 2015 Fiscal year. There were no violations related to monitoring and reporting requirements.

Class V Wells

There was one Class V permit issued this year, and 53 of the 74 wells (72 percent) were inspected. Forty-six (62 percent) of the Class V wells were evaluated with MITs. All Class V wells are required to be tested once every five (5) years; however, those constructed as packerless completions are required to be tested annually. There were no monitoring and reporting violations for Class V wells reported.

Enforcement Activities (Class II & Class V Wells)

During FY2015 there were no compliance orders or fines levied by AOGC and no endangerment to underground sources of drinking water (USDWs) was reported or discovered from injection wells. Injection wells that fail to exhibit mechanical integrity within the required time frame are issued a Notice of Violation and must be shut in. When reports required by rule become delinquent by more than approximately 90 days or an operator fails to pay the annual assessment fee, a Notice of Violation is issued; the authorization to inject is likewise cancelled for failure to comply with Commission Rules.

Reporting Requirements and Construction

All reports, as required in the MOA, are to be submitted to EPA by AOGC, which includes quarterly reports on Form 7520 and the annual UIC activities report for FY2015. AOGC submitted all required reports during FY2015 in a timely manner.

Since the AOGC shares primacy for Class V wells with the Arkansas Department of Environmental Quality (ADEQ), the quality assurance requirements are submitted through the ADEQ UIC Program. Both agencies work closely to ensure cooperation related to UIC primacy programs and the protection of underground sources of drinking water.

Construction of new injection wells (Cementing, CBL, RAT, etc.) and most MIT's are witnessed to ensure compliance and the ultimate protection of underground sources of drinking water. Newly constructed wells must demonstrate mechanical integrity before any fluid can be injected. At a minimum, existing wells are tested at or very near to their five year anniversary of the previous successful test.

Management and Staff Time Efficiency

Each AOGC UIC inspector is equipped with a GPS unit on each vehicle and a laptop for field use. In the event of an emergency, the El Dorado Office is able to track the exact location of their inspectors. Each inspector is scheduled to come into the office once a week, each coming on different days. All the work done in the field is electronically reported for efficiency.

Summary

In conclusion, the UIC program is adequately staffed. The Class II program and Class V bromine related disposal programs administered by AOGC, continue to be well managed and include a strong field operations component.